



**Maryland Clean Fuels Incentive Program (CFIP) Guidelines**

**1. Program Description**

- The primary goal of the State Fiscal Year 2021 (FY21) Clean Fuels Incentive Program (CFIP) is to reduce consumption of imported petroleum through the use of homegrown alternative fuels that will result in a cleaner and greener transportation sector within Maryland, improving the state's economy and environment in the process.
- The CFIP has two areas of interest (AOI):
  - AOI 1- Fleet Alternative Fuel Vehicles,
  - AOI 2- Publicly Available Alternative Fuel Infrastructure.
- AOI 1 provides financial assistance for the purchase of new and converted alternative fueled vehicles registered in the state of Maryland. Specifically, the CFIP provides funding to support the incremental cost to purchase alternative fuel vehicles or convert new vehicles to utilize alternative fuel.

**2. Type of Grant Program**

- Grant funds will be awarded on a competitive basis.
- This is a reimbursement program and award recipients must provide their own funding to cover expenses as they are incurred.
- A grantee will be reimbursed for eligible costs only after a grant agreement is executed between MEA and the applicant, vehicles have been purchased and delivered to the applicant and all necessary supporting documentation has been submitted to MEA.

**3. Program Budget and Incentive Structure**

- The total amount of funding currently available for the Program for both AOI in FY21 is up to \$1,300,000. However, MEA reserves the right to increase or decrease the program budget.
- The source of the Program funding is the Strategic Energy Investment Fund (SEIF). The SEIF consists of a variety of funding sources, the main source of proceeds is historically from Regional Greenhouse Gas Initiative (RGGI) auctions.
- MEA reserves the right to reduce the grant amount specified in a grant agreement to an amount deemed appropriate based on the availability of program funds.
- MEA also reserves the right to partially fund a proposal by funding only a portion of a proposed project. In this event, the grantee and MEA shall work to reach an agreement on a reduced scope of work commensurate with the level of available funding.

- The table below shows the eligible alternative fuel vehicles categories and associated funding structure and caps:

Alternative Fuel Type	Vehicle Class	AER (for EV's only)	% of Incremental Cost Eligible for Grant Request	Maximum Grant Award (per new vehicle)
Electric (BEV/PHEV)	Class 1-2*	0-199 miles	Up to 100%	\$2,500
		200+ miles	Up to 100%	\$5,000
	Class 3-8	0-99 miles	Up to 100%	\$25,000
		100+ miles	Up to 100%	\$50,000
Natural Gas (CNG/LNG)	Class 1-2		Up to 100%	\$7,500
	Class 3-8		Up to 100%	\$50,000
Propane (LPG)	Class 1-2		Up to 100%	\$7,500
	Class 3-8		Up to 100%	\$50,000
Biodiesel (>B20)	Class 1-2		Up to 100%	\$7,500
	Class 3-8		Up to 100%	\$50,000
Hydrogen (FCEV)	Class 1-2		Up to 100%	\$7,500
	Class 3-8		Up to 100%	\$50,000

#### **4. Program Eligibility and Requirements**

##### **4.1. Applicant Eligibility**

- All applicants
- Applicants must be in good standing with the Maryland State Department of Assessments and Taxation.
- Applicants are ineligible to apply for Program funding if projects have previously been awarded or are expecting award funding through the state's VW Environmental Mitigation Trust Fund program(s) and/or other State funding programs.
- An applicant cannot submit an application to both AOI 1 and AOI 2, only one or the other.
- Applicants must be an eligible Fleet Vehicle Purchaser or Vehicle Operator. Eligible Fleet's include:
  - School districts
  - Municipal authorities
  - Local governments
  - Incorporated nonprofit entities
  - Corporations
  - Limited liability companies or partnerships registered to do business in the State.
- Applicant cannot be an individual seeking funding for vehicles used for individual or personal activities.
- Applications may only include vehicles owned or leased by the applicant – applicant may not apply on behalf of other entities.
  - Local government fleets seeking funding assistance for Class 1-2 EV purchases should consult MEA's [Maryland Smart Energy Communities \(MSEC\) Program](#).

#### 4.2. Project Eligibility and Requirements

- Projects must occur after September 15, 2020. Deposits to hold/order vehicles may occur prior to September 15, 2020.
  - Any applicant who starts a project and incurs costs before receiving a fully executed grant agreement does so at its own risk.
- Projects must be completed and reimbursement materials submitted to MEA within 12 months of the grant execution date.
  - An applicant may request an extension of the grant for 6 months by emailing the Program Manager a request containing documentation that verifies the expected completion date. Extensions may be granted solely at MEA's discretion and are not guaranteed to be approved. Any approved extension will require the execution of a grant amendment. As such, any extension request should be received by MEA at least 60 days prior to the end date of the period of performance.
- A vehicle must be an on-road BEV, PHEV, FCEV, a vehicle running on CNG, LNG, LPG, or a biodiesel vehicle using a B20 blend or greater. Personal passenger vehicles are not eligible for Program funding.
  - BEVs will be viewed more favorably compared to PHEVs.
  - CNG/LNG/LPG vehicles must be dedicated vehicles. Bi-fuel and dual-fuel vehicles are not eligible for Program funding.
- Vehicles must be purchased new. Vehicles may either be OEM vehicles or retrofitted vehicles.
  - Repowered vehicles are not eligible for Program funding.
- Vehicles must be compliant with EPA or CARB requirements.
  - Maryland is a full CARB State. However, for vehicles under 14,000 pounds GVW, EPA certified conversion kits may be used on EPA 50 state certified vehicles and vehicles with dual-certification. See the [MDE CARB Policy Guidance Document](#) for additional details and information.
    - Vehicles that run entirely or in part by combusting gaseous fuels (i.e., CNG/LNG/LPG) will be viewed more favorably if they meet the optional 0.02 g/bhp-hr NOx certification standard.
- Vehicles are not required to replace an existing conventional vehicle in the applicants fleet, nor is there any scrappage requirement. However, vehicles associated with the replacement or retirement of existing conventional vehicles will be viewed more favorably.
- Vehicles which are replacing existing alternative fuel vehicles are not eligible, unless those vehicles can be proven to be at the end of their useful life.
- Vehicles must be domiciled and operated within the State for no less than 3 years.
- All identified refueling/charging facilities to be utilized by vehicles receiving Program funds must be properly permitted even if existing prior to the grant award.

#### 5. Grant Process

##### 5.1. Program Timeline

- 9/15/2020: Program application period opens.
- 12/15/2020: Program application period closes. Applications must be received at MEA by 5:00 PM EST. Confirmation will be sent to each applicant verifying receipt of application.

- December 2020: Evaluation of grant applications.
- December 2020/January 2021: Award notification- notification of grant award or denial will be made to all applicants.
- January 2021: Grant agreements sent to grantees that received award notifications. Executed grant agreements signed by both parties must be received by MEA.
- Ongoing: Grantees may be expected to periodically update MEA on status of project.
- TBD 2021-2022: Projects must be completed within 12 months (18, if provided extension by MEA) of grant agreement execution. All invoices must be submitted to MEA for reimbursement.
- TBD: Quarterly operation reports.
- Should not all Program funding be awarded, MEA may consider opening an additional application window later in FY21.

## 5.2. Application Submission Instructions

- Application forms can be obtained on the Program Website.
- A complete application package consists of a complete application form and supporting documentation.
- Each interested party must complete an application package and send or deliver\* it along with all required documentation to:
  - Mike Jones
  - Transportation Program Manager
  - Maryland Energy Administration
  - [michael.jones1@maryland.gov](mailto:michael.jones1@maryland.gov)
- Application packages are required to be submitted by email.
  - Email subject line should follow the naming convention: "Fleet Name- MEA FY21 CFIP Application Package-AOI 1". For example, an application submitted by ABC Fleet on November 18th, 2020 would be submitted as "ABC Fleet- MEA FY21 CFIP Application Package- AOI 1"
  - Application form should be saved as an Excel file using the following naming convention: "Fleet Name- MEA FY21 CFIP Application Form- AOI 1". Do not re-save and submit the file as a PDF.
  - Attach supporting documents as separate files. Do not combine each piece of supporting documentation into one file attachment.

## 5.3. Application Contents

- Application Form
  - A completed application form.
  - A completed Alternative Fuel Vehicle Summary Table.
  - The project narrative and/or the Alternative Fuel Vehicle Summary table in the application must include a description of:
    - The number and type of eligible vehicles that have been or will be purchased or retrofitted.
    - The location and ownership of the primary fueling station to be utilized by the vehicles to be supported with Program funds.
    - The level of accessibility of the primary fueling facility.
    - The intention of the applicant to continue to use alternative fuels and to operate the vehicles in the State.
    - The total amount of alternative fuel to be consumed and the amount of estimated annual petroleum displacement. Displacement estimates should be provided in either

Gasoline Gallon Equivalent (GGE) or Diesel Gallon Equivalent (DGE). The methodology used to calculate the displacement estimates must be provided. MEA's preferred displacement methodology is the [US DOE AFDC](#) and/or [AFLEET](#) tool.

- The vehicle(s) being replaced by the alternative fuel vehicles, if applicable.
  - Any experience purchasing, operating and/or maintaining alternative fuel vehicles within the applicant's fleet.
  - The intention of the applicant to continue to operate alternative fuel vehicles and acquire additional alternative fuel vehicles in the future.
  - Any relevant policies or requirements adopted by the applicant (green purchasing requirements, GHG reduction targets, EV goals etc).
  - Any fuel volume commitment and/or letter of intent documentation held between the applicant and fueling infrastructure provider.
  - The applicant must identify a service technician or company that will service the alternative fuel system during the ownership of the proposed vehicles.
  - Any planned outreach and education efforts to demonstrate how you will promote the environmental benefits of alternative fuels and/or the project.
- Supporting Documentation
    - (Required) Documentation confirming the existence of fueling infrastructure or planned fueling infrastructure that is/will be available to supply alternative fuels to the eligible vehicles to be supported with Program funds.
    - (Required) Documentation showing how the incremental purchase cost was calculated, such as price quotes from the OEM or URM that clearly show the incremental purchase cost of the alternative fuel vehicle versus a comparable gasoline or diesel model (including similar amenities), or the conversion cost.
    - (Required) A signed letter of financial commitment that clearly states the amount of applicant cost share to be committed to the project.
    - (Conditional) Vehicle lease documentation
      - If the applicant is the lessee, the application must include a signed letter or agreement from the lessor approving the vehicle purchase/modification and agreeing to the use of the vehicle in Maryland for no less than three years.
      - If the applicant is the lessor, the application must include a signed letter from the lessee agreeing to the use of the vehicle in Maryland for no less than three years.
    - (Conditional) Proof of any information pertaining to project readiness including and/or not limited to:
      - Vehicle or conversion orders.
      - Deposits made.
      - Vehicle delivery or conversion dates.

#### 5.4. Grant Selection

- If an application is selected for a grant award, a grant agreement between MEA and the applicant will be prepared that establishes the terms and conditions of the grant.
- A grant agreement is considered to be fully executed when the agreement has been signed by both MEA and the applicant as well as date stamped by MEA.

#### 5.5. Reimbursement Process

- Once the project has been completed, grantees must submit documentation in order to receive the grant funds.
- MEA reserves the right to conduct verification site visits to document the purchased vehicles.
- Reimbursement requests must be submitted by email to the Program Manager.
- Reimbursement requests can occur individually after each vehicle has been purchased and delivered, however it is preferred that the grantee submit a request for reimbursement for all vehicles at the same time.
- MEA will not fund costs in excess of the executed grant amount or in excess of the percentage of incremental costs as documented in the final incremental cost invoice/purchase order.
- After MEA approval of the final documentation, MEA will process the grant for payment. Required documentation includes:
  - A signed payment request, on applicant letterhead, for the amount to be paid. Request should contain payee contact information.
  - A signed final invoice/vehicle purchase order(s) – must confirm both the final incremental cost and total vehicle cost paid.
  - Proof of payment. This can be a copy of the front and back of a cancelled check, wire transfer receipt, or an invoice indicating a zero balance due and receipt of payment in full. For leased vehicles where the incremental purchase price is not paid as a separate one-time payment, grantee must show proof of lease payments that equal or exceed the incremental purchase price.
  - Documentation that lists the VIN, tag number, and vehicle in-service date for each vehicle, denoted by model year, make and model.
  - Factory Build Sheet, clearly confirming VIN and GVWR.
  - Photo (copies) for each vehicle of:
    - Vehicle registration
    - Photo of vehicle from left side
    - VIN tag
    - Odometer reading
    - Photo of vehicle from front showing plate
  - For leased vehicles only: a copy of the lease agreement showing a term of at least 3 years (36 months).

## **6. Application Evaluations**

- MEA will evaluate CFIP applications on the following criteria. MEA may request supplemental information from an applicant to assist with evaluation of the application.
  - The amount of fossil fuel to be displaced.
  - The number of vehicles to be purchased during the grant term.
  - If the purchased alternative fuel vehicles will replace existing petroleum powered vehicles within the fleet.
  - Cost Effectiveness (requested CFIP dollars/estimated petroleum displacement gallons per vehicle per year).
  - The level of financial support needed by the applicant to complete the project.
  - The use of funded vehicles by emergency personnel in emergency responses, rescues, and evacuations (to include police, fire, public safety, and ambulatory vehicles).
  - The level of public accessibility of the primary fueling station.

- Project sustainability, level of fleet commitment to continued use of alternative fuel vehicles.
- Innovative technology, concepts, and partnerships.
- The applicant's experience with/history of purchasing, operating and maintaining alternative fuel vehicles/infrastructure.

## **7. Terms and Conditions**

### **7.1. Reporting Requirements**

- All grantees will be required to submit quarterly operation reports for three years (AOI 1) or 5 years (AOI 2) beginning the first quarter after project completion/vehicle delivery. Quarterly reports will be submitted to MEA within 15 days after the end of each quarter. Reporting quarters end March 31, June 30, September 30 and December 31.
- Quarterly reports should be submitted on the form provided by MEA.
- The reporting information submitted to MEA will include but is not limited to the following:
  - Location: address, city, zip, county
  - In-service date
  - Miles traveled
  - Total fuel gallons consumed
  - Gallons of gasoline and/or diesel fuel displaced (confirm displacement calculation methodology).
  - Any operational or maintenance issues.
- Individual fleet applicants information will not be made available to the public and is intended solely for MEA's tracking of program analytics.
- Failure to submit quarterly reports is considered a violation of the terms and conditions of the signed grant agreement. Moreover, MEA reserves the right to recapture the incentive funds from the applicant and/or bar the applicant from participating in the CFIP in the future if they do not provide timely and accurate reports as required.

### **7.2. Communications with MEA**

- The grantee shall notify MEA of any problems, operational changes, or ownership changes from the original project proposal. Any notification made in compliance with this condition should be made to MEA via email and should be provided within 10 days of the problem or change.
- All grantees shall collaborate with MEA's Program Manager and Director of Communications in preparation of press releases or blog posts concerning work related to the Program. In addition, all participants shall notify MEA's Program Manager and Director of Communications regarding any media interviews/news stories/social media etc. in which the project using Program funding is referred to or discussed.
- All grantees shall confer with MEA's Program Manager and Director of Communications to determine the feasibility of placing MEA promotional stickers on each vehicle that receives Program funding.

### **7.3. Site Visits**

Grantee shall allow MEA employees or representatives access to the relevant project so that MEA may perform monitoring visits to provide technical assistance and to ensure that project requirements are

fully satisfied. Grantee shall also allow MEA employees or representative's access to the relevant project site in order to take photographs or video of the project for MEA use. Upon reasonable notice from MEA, the Grantee shall assist MEA in any efforts to virtually monitor and inspect the project, including but not limited to supplying MEA with any relevant photographs or documents. Also, when requested, Grantee shall agree to participate in remotely recorded video discussions to verify compliance with the grant.

#### 7.4. Permits

- Grantee is responsible for identifying and obtaining all local, State and federal permits and licenses necessary for the implementation and operation/execution of a project.

#### 7.5. Confidentiality of Information

- MEA will treat information clearly and reasonably identified by the applicant as confidential commercial information or as a trade secret in accordance with Maryland's Public Information Act (PIA) as set forth in Title 4 of the General Provisions Article of the Annotated Code of Maryland.

#### 7.6. Project Location Workforce Requirement

- Projects must comply with §§ 9-20B-05 of the State Government Article, which requires that at least 80% of workers participating in a project or program that receives money from the SEIF must reside within 50 miles of the project or program. As the Program is a statewide program, MEA will determine compliance based on whether at least 80% of worksite workers reside in Maryland, or within 50 miles of Maryland's borders.

#### 7.7. American Manufactured Goods

- If the grantee is a unit of State or local government, this grant must comply with §§ 14-416 and 17-303 of the State Finance and Procurement Article.

### **8. Contact Information**

- Any questions regarding these guidelines and applications should be directed to:
  - Mike Jones
  - MEA Transportation Program Manager
  - michael.jones1@maryland.gov

### **Definitions**

- All-Electric Range (AER) refers to the number of miles the vehicle can operate solely on electricity as defined and rated by the EPA.
- Battery Electric Vehicle (BEV) is an on-road zero-emission vehicle that operates solely by use of a battery pack, or that is powered primarily through the use of an electric battery pack that also stores energy produced by the electric motor or by regenerative braking to assist in vehicle operation.

- Bi-fuel vehicles have two separate fueling systems that enable them to run on either alternative fuel or gasoline.
- CARB is the California Air Resources Board.
- Commercial Fleet is one or more vehicles used solely as part of a commercial enterprise (i.e., not used for individual or personal activities). Vehicles cannot be registered to an individual.
- Conventional vehicles operate on either diesel or gasoline.
- Dedicated vehicles are designed to run solely on alternative fuel.
- Domicile is the location where the vehicle will be registered, stored, maintained, and generally be located such as a fleet depot, when not performing duties.
- Dual-fuel vehicles have fuel systems that run on alternative fuel but use diesel fuel for ignition assistance. This configuration is traditionally limited to heavy-duty vehicles.
- Eligible Vehicle is an All-Electric Vehicle or Alternative Fuel Vehicle that meets all Program rules and requirements.
- EPA is the US Environmental Protection Agency.
- Factory Build Sheet contains assembly instructions according to detailed vehicle specifications for use at the manufacturing facility.
- Fleet is the vehicle fleet of a commercial (excluding regulated utilities), nonprofit, or public sector entity (excluding state and federal governmental entities) that domiciles, registers, and operates Eligible Vehicles in Maryland.
- Fuel Cell Electric Vehicle (FCEV) is an on-road zero emission vehicle that operates solely by use of a hydrogen fuel cell, or that is powered primarily through the use of a hydrogen fuel cell along with battery packs.
- Gross Vehicle Weight Rating (GVWR) is the maximum operating weight/mass of a vehicle as specified by the manufacturer and described on the original manufacturer Line Setting Ticket provided to the vehicle dealer. See below for table of weight classes.
  - Class 1: < 6,000 lb.
  - Class 2: 6,001- 10,000 lb.
  - Class 3: 10,001- 14,000 lb.
  - Class 4: 14,001- 16,000 lb.
  - Class 5: 16,001-19,500 lb.
  - Class 6: 19,501- 26,000 lb.
  - Class 7: 26,001- 33,000 lb.
  - Class 8: > 33,001 lb.
- Incremental Cost is the difference in cost between the new Eligible Vehicle and a comparable new diesel-fueled vehicle that would be purchased to perform the same function.
- Line Setting Ticket is the factory build or construction sheet created when the vehicle order is sent to the vehicle manufacturer.
- Natural Gas Vehicle is an Alternative Fuel Vehicle that operates solely using either compressed natural gas (CNG) or liquified natural gas (LNG) as its fuel.
- Original Equipment Manufacturer (OEM) is the company that builds or assembles, at a minimum, the completed drivetrain and chassis for an Eligible Vehicle.
- Non-profit is an agency or corporation that is exempt from federal income taxes under Section 501 of the Internal Revenue Code (26 U.S.C. § 501).
- Plug-In Hybrid Electric Vehicle (PHEV) is an Alternative Fuel Vehicle powered by an internal combustion engine and an electric motor that uses energy stored in a battery. The vehicle can be plugged in to an electric power source to charge the battery.
- Program is the Maryland Clean Fuels Incentive Program.
- Propane (LPG) Vehicle is an Alternative Fuel Vehicle that operates solely using propane gas condensed in a liquid state as its fuel.

- Repowered Vehicle is an existing vehicle that had its existing diesel/gasoline engine replaced with a new engine, motor, drivetrain, battery, and/or other Alternative Fuel Vehicle drive and fuel storage component.
- Retrofitted Vehicle is a new vehicle that has had a conversion system (the addition of a new item, modification or removal of an existing item of equipment beyond that of regular maintenance, on an automobile after its initial manufacture) installed which is in compliance with all Federal and State safety requirements including rules and regulations promulgated by the EPA and has been installed by a trained or approved installer of the conversion technology manufacturer.
- Scrappage (Scrapped or Scrap) is verifiably rendering inoperable a vehicle by verifiably cutting a three-inch hole in the engine block and disabling the chassis by cutting the vehicle's frame rails completely in half.
- Quarterly Operations Report is a required quarterly report submitted by the Vehicle Operator that details the mileage, fuel use, maintenance, breakdown costs, and other information to MEA.
- Upfit/Retrofit Manufacturer (URM) is a company that installs equipment on a truck or bus rolling chassis purchased from an OEM. The URM must bear full responsibility under federal law for any vehicle defects and is responsible for certifying the vehicle meets all applicable federal safety standards.
- Vehicle Operator is the entity that will operate an Eligible Vehicle under a lease agreement with a Vehicle Purchaser.
- Vehicle Purchaser is the entity that will directly purchase, own and operate the vehicle or the leasing company that will lease an Eligible Vehicle to a Vehicle Operator. The Vehicle Purchaser may or may not be the same entity as the Vehicle Operator.